



1998 REVENUE LEGISLATION

CHOOSE A CATEGORY:

ALCOHOL & TOBACCO TAX

INCOME TAX

PROPERTY TAX

SALES AND USE TAX

TAXPAYER ACCOUNTING

1998 LEGISLATION

ALCOHOL & TOBACCO TAX

Increased Penalties - HB 908 (O.C.G.A. §§3-3-23.1; effective 7/1/98) Provides for different and stronger penalties for a person convicted of knowingly acting as an agent to purchase or acquire alcoholic beverages on behalf of a person under 21 years of age, and further provides for different and stronger penalties for the purchase and possession of alcoholic beverages by persons under age 21. A first-offense conviction for acting as an agent is punished as a misdemeanor of a high and aggravated nature. A first-offense conviction for purchasing and/or possession by an underage person is punishable by not more than six months imprisonment and a fine not to exceed \$300, and shall subject the offender's driver's license to a six-month suspension. Conviction of a second offense shall subject the offender's driver's license to a one-year suspension.

Definition of Hard Cider - HB 1180 (O.C.G.A. §3-2-1; effective 4/23/98) Provides for a definition of "Hard Cider" and acts to classify it as a malt beverage. Hard Cider is defined as "an alcoholic beverage obtained by the fermentation of the juice of apples, containing not more than 6 percent alcohol by volume, including, but not limited to flavored or carbonated cider. . . ." "The term does not include 'sweet cider.'" Presently, alcoholic beverage ciders are taxed at the rate of table wines (\$.40 per liter). The change will allow ciders to be taxed at the rate of malt beverages (\$.1268 per liter).

Alcohol License Applicants - No residency requirement - SB 111 (O.C.G.A. §§3-3-2, 3-3-21; effective 4/20/98) Prohibits cities and counties from requiring applicants for alcoholic beverage licenses to establish residency in the respective city or county, if the license applicant designates an agent of the applicant who is an established resident of the city and county of application. The bill also defines "school" relative to the alcoholic beverage Code by adding "colleges of this state and is a public school or a private school as defined in subsection (b) of Code Section 20-2-690."

Sunday Alcohol Sales - SB 537 (O.C.G.A. §3-3-7; effective 7/1/98) Provides for counties having a population of 58,000 or more the ability to authorize Sunday sales of alcoholic beverages at road race track facilities with a permanent seating capacity of at least 10,000.

INCOME TAX

Health Insurance - Self-Employed Individuals - HB 1116 (O.C.G.A. §48-7-27; effective 1/1/99) For tax years beginning on or after January 1, 1999, provides for a deduction relating to certain health insurance costs of self-employed individuals in the computation of Georgia taxable net income. The deduction is the entire amount paid by the taxpayer during the taxable year for insurance that constitutes medical care for the taxpayer, spouse and dependents which is not otherwise deductible pursuant to Section 162 of the Internal Revenue Code.

Low-Emission Vehicle Tax Credit - HB 1161 (O.C.G.A. §48-7-29.2; effective 4/23/98) Creates a tax credit for the purchase or lease of a new low-emission vehicle, or for the conversion of certain conventionally fueled vehicles. The credit is \$1,500 for new low-emission vehicles. The credit for conversions is the cost of conversion with a maximum credit of \$1,500 per vehicle. Effective for tax years beginning on or after January 1, 1998.

Personal State Income Tax Reduction - HB 1162 (O.C.G.A. §§48-7-26, 48-7-27, 48-7-101; effective 1/28/98) Commencing with tax years on or after January 1, 1998, provides for a reduction in taxable income by increasing the personal exemption to \$2,700 for self, spouse and dependent(s). It also increases the deduction for an estate to \$2,700, a trust to \$1,350, anyone age 65 or older to \$1,300, and blind persons to \$1,300. Also requires the Department of Revenue to revise and publish new employer's withholding tables, revise individual tax forms and instructions, and revise audit programs within the individual income tax processing system. Additionally, commencing with taxable years on or after January 1, 2003, the deduction for each dependent is raised to \$3,000.

Special Apportionment Agreements - HB 1353 (O.C.G.A. §48-7-31; effective 2/17/98) For tax years beginning on or after January 1, 1998, authorizes the Commissioner of the Department of Revenue to enter into special apportionment agreements with taxpayers who build new facilities or expand existing facilities in Georgia that will have a significant beneficial economic effect on a region. The agreement is for a limited period and is conditional to an application, evaluation and approval process.

Retirement Income Exclusion - HB 1424 (O.C.G.A. §48-7-27; effective 1/1/99) Increases the retirement income exclusion to \$13,000 for tax years beginning on or after January 1, 1999.

Employer Deduction - Social Security Credit - HB 1437 (O.C.G.A. §48-7-28.2; effective 1/1/99) Creates a deduction for employer social security credit as defined in Internal Revenue Code Section 45B(a) for tax years beginning on or after January 1, 1999. If a taxpayer elects to take an employer social security credit as provided for in IRC Section 38, the taxpayer is allowed a deduction equal to the employer social security credit.

Income Tax Credit - Caregiving Expenses - HB 1513 (O.C.G.A. §48-7-29.2; effective 1/1/99) Effective for tax years beginning on or after 1/1/99, creates an income tax credit of 10 percent of "qualified caregiving expenses" not to exceed \$150 for a qualifying family member for home agency services, personal care services, personal care attendant services, homemaker services, adult day care, respite care, or health care equipment and supplies determined to be medically necessary by a physician. The caregiving services must be purchased or obtained from an organization or individual not related to the qualifying family member. The qualifying family member must be at least age 62 or determined to be disabled by the Social Security Administration. The credit is taken against the current tax liability, is not refundable, and may not be carried back or forward. Expenses used elsewhere in the return may not be used to calculate the credit.

Commercial Printers - Out-of-state customers - HB 1535 (O.C.G.A. §§48-5-5, 48-7-1, 48-8-2; effective 7-1-98; section 1 - 1/1/99; section 2 - 7/1/98) Effective July 1, 1998, and applicable to all taxable years beginning on or after January 1, 1998, creates new definitions for businesses that are out-of-state customers of Georgia-based commercial printers. With these definitions, certain out-of-state businesses may not have nexus with Georgia for income, sales, and property tax purposes.

Amendments - HB 1596 (effective 4/20/98) Includes the following amendments consolidated into one piece of legislation. —**Section 1 (O.C.G.A. §48-1-2).** Applying to tax years beginning on or after January 1, 1998, this is the annual update to follow the Internal Revenue Code as it existed on 1/1/98. A review of the IRC as of that date reveals changes that will not significantly affect Georgia revenues.

—**Section 2 (O.C.G.A. §48-7-40).** Effective January 1, 1998, amends the job tax credit to make any business enterprise in a tier 1 county eligible for the credit.

—**Section 3 (O.C.G.A. §48-7-40.2 et seq.).** Effective July 1, 1998, amends the manufacturers and telecommunications industry investment tax credit to extend the carryforward provisions from five to ten years.

—**Section 6 (O.C.G.A. §48-7-40.5).** Amends the income tax credit for retraining programs by providing a ten-year carryforward on unused credit beginning on or after January 1, 1998. Previously, no carryforward provisions were available for this credit.

Credit for Handicapped Accessibility Features - HB 1621 (O.C.G.A. §48-7-29.1; effective 1/1/99) Effective for tax years beginning on or after January 1, 1999, provides for a nonrefundable credit, not to exceed \$500, against the tax liability for purchases of a single-family home containing accessibility features, defined in the bill, for a permanently disabled person. It also allows a credit in the amount of \$125, or the actual cost, to retrofit an existing single-family home with accessibility features not to exceed \$500. Unused credit can be carried forward to apply to the taxpayer's next three years of tax liability.

Job and Investment Tax Credits - HB 1667 (O.C.G.A. §48-7-40.15; effective 4/6/98) Increases the job tax credit and the investment tax credit for businesses that increase port traffic, increase employment by at least 400 employees, or both. It is applicable for all tax years beginning on or after 1/1/98.

MOTOR VEHICLE

Special Plates - Transfer - HB 1430 (O.C.G.A. §§19-11-18, 40-2-8, 40-2-20, 40-2-21, 40-2-32.1, 40-2-39, 40-2-42, 40-2-43, 40-2-45, 40-2-46, 40-2-48 et seq., 40-2-60.1, 40-2-64, 40-2-68, 40-2-70, 40-2-71, 40-2-73 et seq., 40-2-80, 40-2-83 et seq., 40-2-85.1, 40-2-85.2, 40-2-86, 40-2-86.3, 40-2-86.4, 40-3-4, 40-3-27, 40-3-31, 40-3-36, 40-3-37, 40-3-52, 40-3-53, 48-5-473; effective 4/20/98) To amend Code Section §19-11-18 relating to child support collection procedures, notice, and judicial review, so as to provide for filing and perfecting a child support system lien against a motor

vehicle for which a certificate of title is required; to provide for priorities of certain liens; to amend Title 40 relating to motor vehicles and traffic, so as to change certain provisions relating to operation of unregistered vehicles or vehicles without current license plates, revalidation or county decals, storage of unlicensed vehicles, jurisdiction and disposition of fines; to change certain provisions relating to registration and license requirements and penalties; to change certain provisions relating to registration periods; to change certain provisions relating to commemorative license plates; to change the definition of dealer; to change certain provisions relating to transfer of license plates and revalidation decals; to change certain provisions relating to certificates of registration and replacement of lost registration certificate; to change certain provisions relating to issuing license plates or revalidation decals for salvage or rebuilt motor vehicles; to change certain provisions relating to license plates commemorating the 1996 Olympic Games, et al.

Used Motor Vehicles - Certain Display on Property - HB 1683 (O.C.G.A. §§43-47-2, 43-47-8.1, 43-47-8.2; effective 4/23/98) To amend Chapter 47 of Title 43 relating to used motor vehicle dealers and used motor vehicle parts dealers, so as to define and redefine terms; to make it unlawful for the owner or lessee of real property to allow to be or have certain used motor vehicles displayed or parked on such property for the purpose of selling or advertising the sale of such vehicles; to make it unlawful for the owner or lessee of certain used motor vehicles to display or park used motor vehicles on certain property for the purpose of selling or advertising the sale of such vehicles; to make it unlawful for the owner or lessee of real property knowingly to allow certain used motor vehicles to be displayed or parked on such property for the purpose of selling or advertising the sale of such vehicles unless such vehicles are lawfully titled and registered in the name of the individual offering the vehicle for sale; to make it unlawful for any individual or entity to advertise, display, sell, or offer any used motor vehicle for sale unless such vehicle is lawfully titled and registered in the name of the individual or en-

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tity offering the vehicle for sale; to provide exceptions to such unlawful activity; to provide for the towing, storage, and disposition of certain vehicles; to provide that certain unlawful activity shall constitute an unfair or deceptive act or practice; to provide for enforcement; to provide for applicability; to provide for deemed licensees; to prohibit certain activity except at an established place of business or temporary site.

PROPERTY TAX

Security Instruments - Cancellation - HB 1144 (O.C.G.A. §44-14-13; effective 7/1/98) Allows either the grantee, or the holder, of a note to cancel it in the clerk of courts records when satisfied. Removes the requirement that the grantor be notified of the cancellation.

Exemption of Motor Vehicles for Any Prisoner of War - HB 1145 (O.C.G.A. §48-5-478.1; effective 1/1/99) Exempts the special tagged vehicle owned by a former prisoner of war from ad valorem taxes. Its adoption is subject to approval by a statewide referendum.

Absence from Home Due to Illness Not A Waiver of Homestead Exemption - HB 1174 (O.C.G.A. §48-5-40; effective 1/1/99) Allows a citizen to maintain their homestead exemption while absent from their homestead due to an extended illness, provided the homestead is not leased or rented. Its adoption is subject to approval by a statewide referendum.

Ad Valorem Tax; Certain Penalties and Interest Distribution; Modification to Agricultural Products Eligible for Freeport Exemption - HB 1178 (O.C.G.A. §§48-2-44, 48-5-48.2; effective 7/1/98) Interest earned on deposits from tax commissioner's accounts shall be given to the counties unless the law provides otherwise. Allows agricultural products which have been cleaned, dried, treated for pest control or segregated by grade to be eligible for freeport exemption.

Preferential and Conservation Land Use Covenants Recorded in Clerk's Records - HB 1189 (O.C.G.A. §§48-5-7.1, 48-5-7.4; effective 7/1/98) Requires individuals requesting preferential or conservation land

treatment for the reduction of ad valorem taxes on their farm land to record the land use covenant in the clerk of superior court's records.

Exemption of Heavy-Duty Equipment Dealer Inventory - HB 1324 (O.C.G.A. §§48-5-441, 48-5-505 et seq.; effective 1/1/99) Exempts certain dealer inventory of heavy-duty equipment from ad valorem taxes while passing the requirement that ad valorem taxes be paid by the purchaser at the time of sale.

Ad Valorem Tax Exemption of Certain Livestock, Trees, Bushes and Plants - HB 1350 (O.C.G.A. §§48-5-40 et seq.; effective 1/1/99) Seeks to broaden the agricultural farm exemption of certain farm products remaining in the hands of a producer to include livestock, crops, fruit and nut-bearing trees, bushes or plants (both annual and perennial), Christmas trees, and plants and trees grown in nurseries for transportation elsewhere. Its adoption is subject to approval by a statewide referendum.

Limit Penalties on Transferees of Conservation Use Covenants - HB 1365 (O.C.G.A. §48-5-7.4; effective 7/1/98) Limits the amount of penalty a taxpayer would be responsible for should a conservation use covenant be breached in years 6-10 of the 10-year covenant. The amount of penalty would comprise only the amount of taxes saved over the life of the covenant.

Tax Executions on Real Property Increased from \$1 to \$5 - HB 1368 (O.C.G.A. §48-3-21.1; effective 7/1/98) Prohibits a tax commissioner from enforcing an execution for ad valorem taxes less than \$5 after one year from the tax due date.

Ad Valorem Tax Exemption of Certain Religious Properties - HB 1388 (O.C.G.A. §48-5-41; effective 1/1/99) Exempts from ad valorem taxes all religious properties owned by churches which are used for religious worship and in a support, mission or administrative capacity. It is subject to approval by a statewide referendum.

Motor Vehicle Registration and Taxation Changes - HB 1430 (O.C.G.A. §48-5-473; effective 5/1/98) Any newly acquired mo-

tor vehicle which is registered during the owner's initial registration period shall be exempt from ad valorem taxes the first year.

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Change Deadline for Homestead Exemption to June 1 - HB 1464 (O.C.G.A. §48-5-45; effective 1/1/99) Changes the deadline for filing for a homestead exemption to June 1; also permits counties with installment billing a May 1 deadline filing date.

Recordation of Deed Prerequisite to Homestead Exemption - HB 1474 (O.C.G.A. §48-5-40; effective 1/1/99) Before a property owner may seek to file for a homestead exemption, a deed indicating actual ownership must be recorded with the clerk of superior court.

Intangible Recording Tax; Clerk of Superior Court Collects - HB 1522 (O.C.G.A. §48-6-60; effective 7/1/98) Gives the clerk of court the option of collecting the recording intangible tax in those counties with less than 50,000 population.

Tax Situs of Property Owned by Nonresident Printing Companies - HB 1535 (O.C.G.A. §§48-5-5, 48-7-1, 48-8-2; effective 1/1/98) Provides that property owned by a nonresident and located in Georgia as a result of a printing contract with a Georgia printer shall not acquire situs in this state for purposes of ad valorem taxation.

RETT to Fund Land, Water, Wildlife and Recreation Heritage Fund - HB 1551 (O.C.G.A. §48-6-1; effective 1/1/99) Doubles the rate of Real Estate Transfer Tax from \$1 to \$2 for a period of four years with one-half of the additional proceeds going to the new Land, Water, Wildlife and Recreation Heritage Fund. Its adoption is subject to approval by a statewide referendum.

Exempt Tax for Vehicles Leased by Disabled Veterans - SB 489 (O.C.G.A. §48-5-478; effective 1/1/99) Exempts the specially tagged vehicle leased by a disabled veteran from ad valorem taxes. Its adoption is subject to approval by a statewide referendum.

Provides Referendum to Establish the Land, Water, Wildlife and Recreation Heritage Fund - SB 496 (O.C.G.A. §§12-3-630 et seq.; effective 1/1/99) Its adoption is subject to approval by a statewide referendum.

SALES TAX

Amend County/City Excise Tax - HB 609, 1582 and 1631 (O.C.G.A. §§48-13-51, 48-

13-53, 48-13-97) These bills amend the county/city excise tax (on lodgings) and are administered and collected by the local governments. HB 609 and HB 1582 are effective 7/1/98; HB 1631 took effect on 3/3/98.

Georgia Golf Hall of Fame - HB 1126 (O.C.G.A. §§12-3-590 et seq.; effective 4/23/98) Provides for the creation of the Georgia Golf Hall of Fame as a public authority. O.C.G.A. §12-3-586 exempts the Georgia Golf Hall of Fame from Income, Property and Sales and Use Tax.

ELOST Distribution - Local Legislation - HB 1168 (Local Legislation Act; effective 1/16/98) Provides for an "alternative" method of distribution for Educational Local Option Sales Tax (ELOST) proceeds for Carroll County. The county and independent school systems mutually agree on a distribution other than that based on student enrollment within their system. The City of Bremen School System will receive 4.4 percent of the total net proceeds; City of Carroll County School System 23.8 percent; and Carroll County School System 71.8 percent. The bill applies to all distributions made on or after the effective date.

Agricultural Field Use Vehicles - Definition - HB 1175 (O.C.G.A. §§48-9-2, 48-9-10, 48-10-1, 48-10-2; effective 4/23/98) Changes both the Motor Fuel law and the Motor Vehicle law regarding the definition of certain agricultural field use vehicles. These are vehicles that are engaged in the application of fertilizers, crop protection chemicals and poultry litter in the field and which occasionally operate on the highways of the state. They will be designated as such within the motor vehicle licensing and permitting procedures and will be entitled to a 90 percent refund of motor fuel taxes for fuel used to operate the vehicles.

County Governments - Audit Requirements - HB 1433 and 1467 (O.C.G.A. §§48-8-111, 48-8-121; HB 1433 effective 7/1/98; HB 1467 effective 4/2/98) Provides local county governments with certain audit requirements and allows certain uses of proceeds for the Special Purpose Local Option Sales Tax (SPLOST).

Prohibit Alternative Distribution - HB 1520 (O.C.G.A. §48-8-143; effective 4/2/

98) Prohibits the amending of any local law authorizing an "alternative" distribution method of ELOST proceeds while the tax is in effect.

Nexus Definition - In-State Printing - HB 1535 (O.C.G.A. §§48-5-5, 48-7-1, 48-8-2; effective 3/27/98; Sec. 1 - 1/1/99, Sec. 2 - 7/1/98) Provides for a nexus definition for certain persons, not domiciled in Georgia, but who have printed materials produced in Georgia. The definition of a dealer, for sales and use tax purposes, is amended to exclude any person whose only business activity in Georgia is to store paper stock for the production of printed materials, and activities related to that printing. Because this activity would not create nexus for the entity, subsequent sales of the printed materials or other property advertised with this material would not be taxable for sales taxes. The bill also provides clarifications for nexus as it relates to Property and Income taxes. The Sales and Use Tax portion is to be effective on 7/1/98.

Various Sales Tax Exemptions - HB 1656 (O.C.G.A. §§48-8-3, 48-8-30; effective 7/1/98) Provides for a Sales and Use Tax exemption to apply to blood glucose level measuring strips, certain printed advertising inserts, grass sod when sold by the producer, certain funeral merchandise when purchased with funds received from the Georgia Crime Victims Emergency Fund, and the sale of eligible food and beverage by the Girl Scouts or Boy Scouts when part of a fund-raising activity. The bill also provides for a basis of calculating "use tax" at the cost price of the property unless it was purchased more than six months ago; the value would then be based on the cost price or its fair market value, whichever is less.

Private Credit Card Companies - HB 1660 (O.C.G.A. §48-8-45; effective 7/1/98) Provides for a sales and use tax deduction for bad debt allowances for private label credit card companies when the credit card agreement is on a nonrecourse basis with the specific dealer.

Allocate Unprocessable Sales and Use Tax Return Proceeds - HB 1784 (O.C.G.A. §48-8-67; effective 4/6/98) Provides the Department with a method to allocate unprocessable sales and use tax return proceeds based on the ratio of proceeds dis-

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tributed from processable returns, and further provides for an initial allocation to take place no later than July 1, 1998, to include unidentifiable proceeds received from July 1, 1997 through April 1, 1998. Subsequent allocations of unprocessable proceeds are to occur no less than twice a year. The Department's authority to make such allocations will cease December 31, 2000, unless extended by the legislature.

Hall County 'ELOST' Distribution - Alternative Method - SB 646 (Local Legislation Act; effective 3/3/98)

Provides for an "alternative" method for distribution of ELOST tax proceeds for Hall County. The City of Buford Independent School District receives the first \$50,000 of the total net proceeds each month; the remaining proceeds will be distributed between the Hall County School District (84.38 percent) and the City of Gainesville Independent School System (15.62 percent) based upon the ratio of student enrollment in each of the two districts to the total student enrollment in the two districts. The alternative method applies to all distributions made on or after the effective date pursuant to the filing of a proper distribution certificate with the Department.

TAXPAYER ACCOUNTING

Amusement Machines - HB 1294 (O.C.G.A. §§16-2-95, 48-17-1, 48-17-9; effective 4/2/98)

In reference to O.C.G.A. §16-2-95, the bill provides for a definition of "some skill" in classifying gambling devices and bona fide coin-operated amusement machines. It provides for additions to the list of examples of coin-operated amusement machines, describes what actions taken by the Commissioner constitute sanctions, and acts to require the placement of stickers directly on the machines.